Utilities Privatization

2003 DPW Training Workshop

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Agenda

- **Status**
- **Initiatives**
- **Funds**
- **Next steps**
- **Emerging issues**

Utilities Privatization Status

- DOD guidance – Upgrade infrastructure to C2 by 2
- OSD goal – Complete privatization evaluations by 3

  - 351 systems (91 electric, 77 natural gas, 93 water, 90 wa
  - 84 privatized (19 electric, 37 natural gas, 14 water, 12 w

Region	Total Systems	Completed		RFP Issued	RFP to be issued	GOCOs
		Privatized	Exempt			
Total	351	84	27	109	105	26

Utilities Privatization Initiativ

- **Utilities Privatization Team – OASA(I&E), OASA(FM&C), OASA(ALT), OGC, OACSIM, IMA, TJAG**
  - **Northeast (Richard Yates, Acting)**
  - **Northwest (Ben Hulbert)**
  - **Southeast (Jim Patton)**
  - **Southwest (Ernesto Ortiz)**
  - **Pacific (Robert Hurban)**
- **Center of Expertise at Defense Energy Support Center**
- **E**
  - **Uniform & consistent privatization process**
  - **Pre-award activities well underway**

Funding for Privatization

FY 03 $33.6 Million

FY 04 Programmed (30 systems) $75.9 Million

FY 05 Programmed (70 Systems) $119 Million

*** Since FY 2000 Privatization averages $2.2 million per system**

Next Steps

- **Complete remaining systems**
- **Identify & recapitalize systems that are not privatized**
- **Post-award activities**

Systems that are not privatiz

Utility Modernization (CONUS)

Estimated funding required to comply with OSD guidance to upgrade Army owned utility systems to C2 status.

	FY 05	FY 06	FY 07	FY 08	FY 09	FY 05-09
Total UFRs*	19,299	117,069	172,343	199,236	207,751	715,698

*** Estimate based on 50% of systems being privatized**

Post award activities

- **Coordinate transition from pre-award to post-award managers**
- **Develop & implement comprehensive Contract Admin plan**
- **Appoint & train CORs early in process**
- **Develop a price adjustment mechanism**
- **Determine staffing (in-house, contract, mix)**

Emerging issues

- **Energy security**
- **BRAC**
- **Coordination with the Residential Communities Initiative (RCI) program**

Utilities Privatization & RCI

- **OWNERSHIP OF INFRASTRUCTURE**
  - Utility company
  - RCI partner
  - Army
- **COMMODITY PURCHASE & DELIVERY**

Utility Provider → Installation/DPW → RCI Partner → Resident

- **REIMBURSEMENT FOR SERVICES**
  - Agreements between Partnership & installation/DPW
  - Army Regulation 420 - 41, Acquisition and Sale of Utilities Services (1990)
- **IMPLEMENTATION OF RCI UTILITY POLICY**
  - OASA(I&E) memo, 25 Mar 02, Subject: Army Residential Communities (RCI) Utility Policy

Summary

- **Privatization is preferred method to recapitalize utilities**

- **Centralized management, procurement & funding works**

- **Army is achieving its goal – safe, reliable & efficient utilities services**

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